

MINUTES OF THE MEETING OF THE
SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
HELD MONDAY, APRIL 25, 2005

The Springfield Economic Development Agency met in the Jesse Maine Meeting Room, 225 Fifth Street, Springfield, Oregon, on Monday, April 25, 2005 at 7:05 p.m., with Board Chair Tammy Fitch calling the meeting to order.

ATTENDANCE

Present were Board Chair Tammy Fitch and Board Members Anne Ballew, Sid Leiken, Christine Lundberg, John Woodrow and Faye Stewart. Also present were City Manager Mike Kelly, Community Development Manager John Tamulonis and City Recorder Amy Sowa.

Board Members Bill Dwyer, Joe Pishioneri and Dave Ralston were absent (excused).

APPROVAL MINUTES

- a. Minutes of April 11, 2005.

IT WAS MOVED BY BOARD MEMBER STEWART WITH A SECOND BY BOARD MEMBER WOODROW TO APPROVE THE APRIL 11, 2005 SEDA MINUTES. THE MOTION PASSED WITH A VOTE OF 6 FOR AND 0 AGAINST (3 ABSENT).

COMMUNICATIONS

- a. Business from the Audience

- b. Correspondence

- c. Business from the Staff

- Update Glenwood Renewal Advisory Committee Meetings.

Mr. Tamulonis said there was a Glenwood Renewal Advisory Committee (GRAC) meeting held on April 19. He distributed the agenda from that meeting. The committee, decided to postpone elections for a chair and vice chair until they had a better sense of all members. Some members had served on many committees and some had never served on a committee. Information was reviewed and discussion was held regarding each member's interest in Glenwood and the budget committee. Three members from the GRAC volunteered to serve on the SEDA Budget Committee.

Mr. Tamulonis said the committee did not have a chance to look at the Glenwood Urban Renewal Plan and strategy, but would look at those things at the next meeting. Most committee members had read the plan and other documents. GRAC members were interested not only in the housing issue, but other issues as well. The next GRAC meeting was scheduled for May 3. The joint meeting between the SEDA Board and GRAC was scheduled for May 23. He noted that two members of the GRAC were present in the audience – Dave Carvo and Jim Peterson.

REPORT OF CHAIR

Board Chair Fitch thanked Board Member Lundberg for presiding over the April 11 meeting.

REPORT OF COMMITTEES

OLD BUSINESS

NEW BUSINESS

a. Budget Committee Appointment.

John Tamulonis presented the staff report on this item. Though expected revenues, expenditures, projects, and programs are modest or are being formed, the Glenwood Urban Renewal Plan needs to have a budget for the upcoming Fiscal Year 2006. Under ORS 294.336 a budget is processed through a SEDA-appointed Budget Committee made up of the nine SEDA Board members and an equal number of appointed members from the community (nine). For simplicity in this initial budget year, SEDA might consider appointing the existing lay members of City Budget Committee plus three members (volunteers) from the Glenwood Renewal Advisory Committee.

Several options are available to establish a SEDA Budget Committee, this initial year:

9 members of SEDA Board *plus*

Option 1. Glenwood Renewal Advisory Committee (9 members) *or*

6 members of existing City Budget Committee *plus*

3 members from:

Option 2. Volunteers from Glenwood Renewal Advisory Committee *or*

Option 3. General public recruitment process.

If, after 'good faith effort', SEDA cannot conjure up three recruited members willing to join with the existing City Budget Committee, the existing City Budget Committee may act as the SEDA Budget Committee.

However, at the Glenwood Renewal Advisory Committee meeting on April 19, 2005, several members volunteered to serve if SEDA wishes: Joan Armstead, Dave Carvo, and Jim Peterson.

In the interest of simplicity, timing, and developing a firm and broader understanding of the urban renewal district issues, Option 2 provides the correct number to serve on a timely basis and helps develop long-term understanding of the SEDA budget. State law requires three-year terms for Budget Committee appointees for organizations with annual budgets and recommends staggering the terms of members. Option 2 does both.

Mr. Tamulonis discussed each option.

IT WAS MOVED BY BOARD MEMBER WOODROW WITH A SECOND BY BOARD MEMBER STEWART TO APPROVE OPTION 2 WITH THE NOTE THAT IF FOR WHATEVER REASON, ANY OF THE CURRENT CITY BUDGET COMMITTEE MEMBERS CHOSE NOT TO SERVE ON THIS COMMITTEE, THE SEDA BOARD WOULD

FILL THEIR POSTION WITH SOMEONE FROM THE GLENWOOD RENEWAL ADVISORY COMMITTEE.

Discussion was held regarding this item

Board Member Ballew said she felt the size of the Budget Committee was too large.

Mr. Tamulonis said under state law, the SEDA Board had to make a good faith effort to fill all nine positions. The Board could choose one option now and make adjustments later. The Finance Director suggested two half hour meetings would be sufficient for the SEDA Budget Committee during this first year.

Board Member Lundberg asked if the City Budget Committee members had been asked if they would serve on the SEDA Budget Committee as well.

Finance Director Bob Duey said they had been asked and had agreed to serve.

Board Member Leiken said the process would be similar to other budget committees.

Mr. Tamulonis said it would be simpler than the budget process for the city. There would only be a few funds with specific plans and projects.

Board Chair Fitch clarified that in Board Member Woodrow's motion, the three who volunteered from the GRAC (Dave Carvo, Jim Peterson, and Joan Armstead) would be appointed to the SEDA Budget Committee along with the six on the City Budget Committee. That was correct.

THE MOTION PASSED WITH A VOTE OF 6 FOR 0 AGAINST (3 ABSENT)

Board Chair Fitch asked if the SEDA Budget Committee meetings would be held adjacent to the City Budget Committee meetings.

Mr. Duey said that is how it had been scheduled. During the city's first budget committee meeting on Tuesday, April 26, discussion would be held regarding the role of the budget committee regarding the SEDA budget. On May 3, a thirty minute SEDA Budget Committee meeting would occur followed by the City Budget Committee meeting. There would be two additional SEDA Budget Committee meetings scheduled prior to City Budget Committee meetings.

Discussion was held regarding the GRAC meetings overlapping some of the Budget Committee meetings and other scheduling.

Board Member Stewart said the budget committee meetings for Lane County were scheduled every Tuesday and Thursday through May.

Board Chair Fitch said it would be especially important to get Board Member Stewart's input on which way to proceed on the budget. Staff would also provide updates to Board Members Stewart and Dwyer following the Budget Committee meetings.

b. Budget Discussion and Direction.

John Tamulonis presented the staff report on this item. The Glenwood Urban Renewal Plan proposes major redevelopment of Glenwood over 21 years. FY2006 is the first full budget year. Though tax increment revenues are estimated to be low this coming FY2006, interest in Glenwood opportunities is exceedingly high. Consequently, the SEDA Board's interest in ensuring flexibility in a proposed budget to be sent to the SEDA Budget Committee might include potential funding for incentives, infrastructure projects, or property purchases. These would allow SEDA to respond quickly to development or redevelopment opportunities arising in the next fiscal year.

Discussion will cover the general direction of funding categories to begin implementing the Glenwood Urban Renewal Plan and a proposed process to adopt a budget for SEDA for FY2006.

Key areas for discussion are

1. Contract staffing
2. Materials and Services
 - Attorney services
 - Property consulting services
 - Processing support services
 - Program funding
 - Property purchase
3. Revenues
 - Tax increment
 - Loan
 - Grants
 - Other sources

Staff will provide information on potential projects and discuss opportunities for property in Glenwood for purchase that could provide some of the key infrastructure for Glenwood development and redevelopment.

Mr. Tamulonis distributed three sample budget scenarios for consideration.

Mr. Kelly said staff would like to receive direction from the board regarding a budget scenario. He gave a brief summary of each scenario. Once the board gave staff direction, staff could create a more detailed budget to bring to the SEDA budget committee. He said this was not a budget approval at this time.

Mr. Tamulonis described each sample. The first sample was very low key only counting on revenue from the tax increment financing (TIF). The second option was more aggressive with income coming from a potential loan from the city of approximately \$1M, grants and loans, TIF and interest earned. He referred to some projects in the Glenwood area that were ready to pursue. Staff would return to the board in six months or a year asking for approval to fund certain projects. This option would include additional staff and more attorney time. Property purchase and options would be included in the costs under this option. He discussed some of the properties that could be considered for purchase, including some surplus property from the state. The third option was the most aggressive pursuing a large development and more property purchase. This option would rely on a potentially higher loan from the city (up to \$2M), grants and loans, and interest and property sales. Costs for this option would include additional staff time, capital improvement projects and higher purchase costs. He discussed some of the projects that could be

forthcoming in the Glenwood area. The major piece in this scenario included property purchase/options. The city had been approached to buy properties in this area. This option would open the opportunity to purchase many of those properties, although not all of them.

Board Member Ballew asked why a property owner would want the city to buy their property.

Mr. Tamulonis said the property owners do not have a buyer right now. Some of the parcels were small and the city could buy several and combine them for a larger development. Other property owners would like to donate a portion of their property. That would not be possible through a private purchase. The property owner could sell their property to the city for a lower price and take the tax deduction for the loss.

Board Member Leiken agreed. He said there was a property owner that had contacted Mr. Leiken regarding donation of part of a piece of property to give the property owner a tax deduction. Staff had been in contact with this individual. Option 3 would allow SEDA to take advantage of this opportunity and would put SEDA and the city in a good position. He would recommend looking seriously at option 3.

Board Member Stewart asked about the sale of property as listed in option 3. He asked if it would be the profits from property SEDA would acquire, combine and resell. He asked about the terms related to the loans from the city. He wanted assurance that SEDA could pay the loans back to the city.

Mr. Tamulonis said staff talked with the financial consultant on this issue. The financial advisor noted four things SEDA would offer developers: 1) accumulate/aggregate property; 2) mitigate development problems; 3) provide wetland set-asides; and 4) break down the costs. The distinction between SEDA and the city must remain very clear and contracts should be in place for staffing. If there were loans, it would need to be explicit from the SEDA Board to the city in terms of what it might include. Terms may include interest only payments for the first few years, with the principal paid off thereafter. Payments should at least cover the city's foregone costs for having those investments in the bank so there was no net loss for the city. The terms must be formal to keep the distinction between SEDA and the city.

Mr. Kelly said the budget scenarios were samples only. Staff wanted to get direction from the board on the type of things they want staff to do. He gave examples of direction the board could give staff regarding properties and services provided. Staff could bring proposals back to the full SEDA Budget Committee.

Board Member Woodrow said SEDA was not a developer, but may need to be in a position to help developers in order to move forward. He said he would lean toward option 3 to allow SEDA to acquire the properties they could to get development going.

Board Member Ballew said she would prefer the less aggressive option, especially in the first year. She noted that John Tamulonis was the only staff person working on this and there was only so much he could do. She felt option 1 was closer to what could be done for the first year. She discussed the budget problems that could be caused if SEDA bought property and then could not resell it. She suggested being less ambitious and in a better position to move ahead in the future.

Board Member Lundberg said it would be helpful to know more of the particulars of the budget. She said prices are quite good at this time for properties in this area. She asked about borrowing from the city prior to purchasing property. She asked what would be the best way for the city to get what they need and SEDA not losing. Not knowing the potentials makes it difficult.

Mr. Tamulonis said urban renewal districts typically operate in debt. Currently, SEDA's debt SEDA was what had been incurred from January 1, 2005 – June 30, 2005. He said the city had been offered property, but was not actively seeking property. If the city was seeking properties, adjustments would need to be made to the Urban Renewal Plan. The properties being offered were being offered to move development along. He said loans would only be taken out if needed to purchase a piece of property. The budget would allow SEDA to approach the city for a loan and would pay off the interest of that loan with TIF. He said Williams Bakery would be developing in the Glenwood area. Financial institutions look at a fairly major development that would have a steady stream of property tax payments as part of the TIF district. An organization with the history of Williams Bakery would be considered a secure stream of tax revenue. That would be favorable when taking out a loan with a bank or the city.

Board Member Leiken asked Mr. Duey what the typical interest rate would be if SEDA borrowed from the city.

Mr. Duey said the financial advisor suggested it be pegged to the city's investments, which would be based on the state pool, typically less than what a bank would charge. Discussion was held regarding that rate. It would be about three percent.

Board Member Leiken said borrowing from the city would be a good investment for the URD. He said he understood Board Member Ballew's concerns. He would agree with starting at option 2 and gradually getting to option 3. There were opportunities that SEDA didn't want to miss. There had been a growing interest in Glenwood as a whole. If the city or the URD could work with those properties to make a master plan, it would be very beneficial.

Board Member Ballew said the city would need to collect the debt service costs as well.

Mr. Duey said the first few years of such a loan, the district may not even pay interest, but it would be tracked.

Board Member Leiken said this situation would be well monitored by the SEDA Board, citizen committee and council.

Board Member Stewart said he was interested in option 3. It would give the URD the option as opportunities arise, but would not commit the district to the use of a loan. It would be important to allow that flexibility.

Board Member Woodrow said if SEDA adopted option 3, they would not need to come back for approval to do anything within that scenario, but if they chose option 2 and wanted to do more, they would need to come back for approval.

Mr. Tamulonis said that was correct. Typically, any change of more than ten percent would need to be approved. He discussed some of the properties that had been offered to the city.

Board Member Woodrow said option 3 gives SEDA the ability to purchase some of those properties, but does not require them to spend the money.

Mr. Kelly said option 3 is at the upper end of the practical limit of accessing funds. The council asked Mr. Duey and Mr. Kelly to sequester the amount of money made from the sale of the Chambers' property in Gateway. About \$2M of that money was left and was not encumbered into an economic fund. That money could be used if SEDA borrowed from the city. A \$2M loan would use all of the dedicated economic development funds that were citywide to loan to SEDA to do work in Glenwood. That would not leave any funds for other opportunities that might arise in other areas of Springfield. The loan could come from another fund such as Bancroft or Booth Kelly, leaving the city's own economic development fund intact. The \$2M was the upper practical limit.

Board Member Ballew said that was a good point. She said she was not sure she wanted to use all of those funds for this area. She would like to look at the next year when they knew better what would be financed. She discussed enterprise zones and the lack of property taxes on properties in the enterprise zones.

Mr. Tamulonis addressed the enterprise zones and the reason for pursuing industrial development. The hope was to have more commercial development and more income from that development. If there were property purchases with an income stream currently on the property, that could be continued to cover some of the costs. There could be some lease activities that would continue.

Board Chair Fitch suggested recommending to the staff to create a budget with a minimum option 2 and a maximum of budget 3 as the guideline.

The Board agreed.

Mr. Tamulonis distributed a Tentative SEDA Board Meeting Schedule and Topics for 2005. He reviewed the schedule.

Board Member Woodrow said his work phone number was incorrect on the Budget Committee roster.

Board Member Lundberg said her work and home phone numbers were incorrect on the same list.

Staff would make the appropriate corrections.

RESOLUTIONS

ADJOURNMENT

The meeting was adjourned at 7:53 pm.

Minutes Recorder – Amy Sowa

Christine Lundberg
Secretary

